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THE SUPREME COURT OF THE UNITED STATES

OCTOBER, 1991 TERM

CARL ROBERTS, d/b/a
ROBERTS MOTOR COMPANY

Petitioner

v.

FERRARI S.P.A. ESERCIZIO FABRICHE
AUTOMOBILI E CORSE

Respondent

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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I.

QUESTION PRESENTED FOR REVIEW

Should Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)) be construed to prohibit the manufacture and sale of a duplicate or copy of an unpatented article even if the duplicate is sold and labeled in such a manner as to prevent consumer confusion at the point of sale?

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V.

GROUNDS FOR JURISDICTION OF THE SUPREME COURT OF THE UNITED STATES

A. Review is sought of a judgment filed September 5, 1991 in the United States Court of Appeals for the Sixth Circuit in that certain case bearing Docket Number 90-5734 and styled Ferrari S.P.A. Esercizio Fabriche Automobili E Corse, Plaintiff/Appellee v. Carl Roberts, d/b/a Roberts Motor Company, Defendant/Appellant, 944 F. 2d 1235 (6th Cir. 1991) (App. pg. 1).

B. The statutory provisions which confer upon this Court jurisdiction to review the judgment in question by writ of certiorari are 28 U.S.C. § 1254(1) and 28 U.S.C. § 2101(c).

VI.

STATUTORY PROVISIONS INVOLVED IN THIS CASE

15 U.S.C. § 1125(a), Lanham Act § 43(a)

§ 1125. False designations of origin and false descriptions forbidden.

(a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which —

(1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship,

or approval of his or her goods, services, or commercial activities by another person, or

(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act. (As amended Nov. 16, 1988, Pub. l. 100-667, Title I, § 132, 102 Stat. 8946.)

VII.

STATEMENT OF THE CASE

A. PROCEDURAL BACKGROUND

This cause was tried, without jury, before the Honorable Thomas G. Hull, Chief United States District Judge for the Eastern District of Tennessee, on April 10, 11 and 12, 1990. The Court entered judgment in favor of the Respondent, Ferrari, on April 27, 1990, which judgment enjoined Petitioner from manufacturing replicas of Respondent's automobiles. The lower court's Memorandum Opinion and Order is reported at 739 F. Supp. 1138 (App. pg. 87). The Defendant appealed to the United States Court of Appeals for the Sixth Circuit, and that Court affirmed the lower court decision by a two-to-one decision (Kennedy, Circuit Judge, dissenting),

decided and filed September 5, 1991. That decision is reported at 944 F. 2d 1235 (App. pg. 1). Petitioner's suggestion for Rehearing En Banc was denied by order entered November 15, 1991.

Jurisdiction was appropriate in the District Court pursuant to 15 U.S.C. §1121(a). Appellate jurisdiction was conferred on the United States Court of Appeals for the Sixth Circuit pursuant to 28 U.S.C. § 1291.

B. FACTUAL BACKGROUND

The basic facts of this case are undisputed. Respondent, Ferrari, is a well-known manufacturer of high performance sports cars. Before being enjoined, the Petitioner, Roberts, manufactured fiberglass body parts, which he sold to car enthusiasts for assembly onto Chevrolet Corvette or Pontiac Fiero chassis. The finished "kit cars" look

virtually identical to an original Ferrari, at least in a photograph or from a distance. It is undisputed that no customer of either Ferrari or Roberts has ever purchased, or is likely to purchase, either party's product believing it to be of the other party's manufacture. While Ferrari has applied for and obtained design patents on one or more of its latest automobile models, it is undisputed that neither of the designs which are the subject of this lawsuit are protected by a design patent.

VIII

QUESTION PRESENTED FOR REVIEW

Should Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)) be construed to prohibit the manufacture and sale of a duplicate or copy of an unpatented article even if the duplicate is sold and labeled in such a manner as to prevent consumer confusion at the point of sale?

IX

ARGUMENT

As the basis for the granting of a writ of centiorari, it is respectfully submitted that the majority opinion rendered by the United States Court of Appeals for the Sixth Circuit in this case conflicts with decisions rendered by this Court in the cases of Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989); Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964) and Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964).

In this case, in construing Section 43(a) of the Lanham Act (15 U.S.C. § 1125 (a)), the majority of the hearing panel in the United States Court of Appeals for the Sixth Circuit has held that the original manufacturer of an unpatented product design

may prevent a second user from copying a design that has attained secondary meaning due to the confusion of the public caused by the similarity in appearance of the copied good.

However, as pointed out by Judge Kennedy, in dissent (944 F. 2d at 1248, 1252-53) (App., pgs. 62, 80 — 86), this Court has consistently held that a product design cannot be granted patent-like protection under the guise of unfair competition law. In both Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) and Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964), this Court reversed decisions finding unfair competition to exist solely on the basis of similarity in appearance of copied goods. In Sears, this Court explained:

> ... An unpatentable article, like an article on which the patent has

> expired, is in the public domain and may be made and sold by whoever chooses to do so ...
>
> ... Sears has been held liable here for unfair competition because of a finding of likelihood of confusion based only on the fact that Sears' lamp was copied from Stiffel's unpatented lamp and that consequently the two looked exactly alike. Of course, there could be 'confusion' as to who had manufactured these nearly identical articles. But mere inability of the public to tell two identical articles apart is not enough to support an injunction against copying or an award of damages for copying that which the federal patent laws permit to be copied.

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 231-232 (1964).

Recently, in Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989), this Court reaffirmed the strong policy of free access to unpatented product design. In Bonito Boats, the

Court struck down a Florida unfair competition statute forbidding the use of plug molds to copy boat hulls. In holding the Florida statute invalid, this Court stated:

> ... [W]e have consistently reiterated the teaching of Sears and Compco that ideas once placed before the public without the protection of a valid patent are subject to appropriation without significant restraint.

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 156 (1989).

The central question in this case is whether or not the considerations enumerated in Sears, Compco and Bonito Boats are applicable in construction of Section 43(a) of the Lanham Act. The majority Sixth Circuit decision holds that Sears, Compco and Bonito Boats are not relevant in this case, holding that:

> These cases, however, do not affect the applicability of the Lanham

> Act in this case ... [T]hese cases involved only the preemption of state unfair competition law by federal patent law, not the scope of federal trademark or unfair competition law.

944 F. 2d at 1241. (App. pgs. 23-24).

However, the majority opinion does not provide any explanation as to why the purposes and policies of the patent statutes are less important when balanced against Federal unfair competition law than they are when balanced against state unfair competition law.

As Judge Kennedy states in her dissenting opinion:

> [T]he Supreme Court in Sears, Compco and Bonito Boats states unequivocally that an interrelationship exists between unfair competition laws and federal patent laws. The statutes at issue in Sears, Compco, and Bonito Boats were state unfair competition statues similar to the Lanham Act in their purpose and objectives. By holding that these statutes conflicted with

> federal patent laws, the Supreme Court implicitly rejected the distinction urged by the majority. Hence, the rationale applied in this trilogy of cases to state unfair competition laws applies with equal force to federal trademark laws.

944 F. 2d at 1253. (App., pgs. 84 — 85).

If manufacturers are allowed to obtain design patent-like protection for their products under Section 43(a) of the Lanham Act, the balance Congress has attempted to strike with the patent statutes will be totally upset. Congress has indicated that the monopoly of patent should be granted only to inspire true invention, and even then, only for a limited period of time:

> The grant of a patent is the grant of a statutory monopoly ... Patents are not given as favors, ... but are meant to encourage invention by rewarding the inventor with the right, limited to a term of years fixed by the patent, to exclude

others from the use of his invention.

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 229 (1964).

Without dispute, the automobile designs in question in the instant case are within the domain of the design patent statute. In Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 156 (1989), this Court explained the public policy considerations contained in the federal patent system:

> At the heart of Sears and Compco is the conclusion that the efficient operation of the federal patent system depends upon substantially free trade in publicly known, unpatented design and utilitarian conceptions. (Emphasis added).

While this Court did not state that those considerations required absolutely free trade, it did state a policy of "substantially free trade," but later in the opinion, the Court did discuss some appropriate

limitations of that policy. The Court found that the interest of the public in "substantially free trade" is outweighed by the harm that would be caused consumers (not the manufacturer) if they were to be confused as to the source or origin of an imitative product.

In the instant case, the Sixth Circuit majority opinion has found that "substantially free trade" is outweighed by the harm that will be caused Plaintiff (not consumers) by the cheapening and dilution of the general product. (944 F. 2d at 1244-45). (App., pgs. 41-42).

However, in Bonito Boats, this Court specifically referred to the law of "unfair competition," noting that that body of law, unlike patent law, focuses upon "protecting consumers (emphasis by the Bonito court) from confusion as to source ... not the protection of producers as an incentive to

product innovation." (Other emphasis added). Id., 489 U.S. at 157.

As reaffirmed in Bonito Boats, this Court has consistently held that a product design is either (1) to be protectable within the statutory framework of the patent statutes or (2) to be subject to the "substantially-free-trade" rule which allows the appropriation and dilution of unprotected designs.

As stated by the Bonito Boats court:

> Sears and Compco protect more than the right of the public to contemplate the abstract beauty of an otherwise unprotected intellectual creation — they assure its efficient reduction to practice and sale in the marketplace. (Emphasis added).

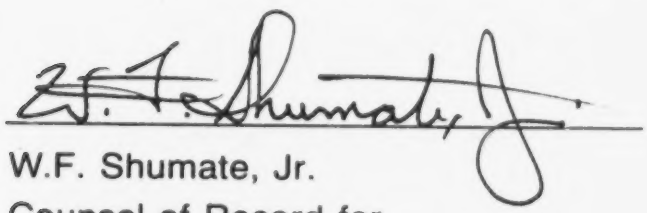
Id., 489 U.S. at 164.

X.

CONCLUSION

Accordingly, based on the foregoing, it is respectfully submitted that certiorari should be granted in this case since the majority opinion of the United States Court of Appeals for the Sixth Circuit is contrary to previous decisions of this Court.

Respectfully Submitted,



W.F. Shumate, Jr.
Counsel of Record for
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PROOF OF SERVICE

I, the undersigned, do hereby certify that all parties required to be served with copies of the foregoing corrected Petition for writ of certiorari have been served and that the following is a list of the names, addresses and telephone numbers of all counsel, indicating the name of the party or parties each counsel represent:

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I, the undersigned, do hereby further certify that three (3) true and correct copies of the foregoing corrected Petition for Writ of Certiorari have been served upon counsel for Plaintiff-Respondent, by depositing the same in the United States Mail, first-class postage prepaid, addressed to said counsel as hereinafter set forth, this 4th day of December, 1991:

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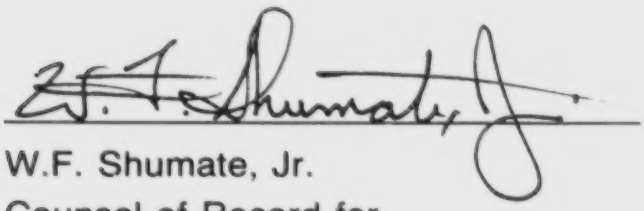

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ESERCIZIO v. ROBERTS
Cite as 944 F.2d 1235 (6th Cir. 1991)

Ferrari S.P.A. ESERCIZIO Fabriche Automobili E Corse, Plaintiff-Appellee,

v.

Carl ROBERTS, d/b/a Roberts Motor Company, Defendant-Appellant.

No. 90-5734.

United States Court of Appeals,
Sixth Circuit.

Argued March 25, 1991.
Decided Sept. 5, 1991.

Automobile manufacturer brought trademark infringement action against manufacturer of replicas of plaintiff's cars. The United States District Court for the Eastern District of Tennessee, Thomas Gray Hull, Chief Judge, held that replicas infringed trademark protection in exterior shape and appearance of plaintiff's automobiles, 739 F.Supp. 1138, and defendant appealed. The Court of Appeals, Ryan, Circuit Judge, held that: (1) plaintiff's automobile designs had

acquired secondary meaning; (2) there was likelihood of confusion between plaintiff's cars and defendant's replicas; (3) the appropriated features of plaintiff's designs were nonfunctional; and (4) injunction granted by district court was not excessively broad.

Affirmed.

Kennedy, Circuit Judge, dissented and filed opinion.

Ed E. Williams, III, Robert D. Van de Vuurst, Baker, Worthington, Crossley, Stansberry & Woolf, Johnson City, Tenn., Albert Robin, Jonathan I. Blackman (argued), Lawrence B. Friedman (briefed), Cleary, Gottlieb, Steen & Hamilton, New York City, for plaintiff-appellee.

W.F. Shumate (argued and briefed). Bobby Bishop, Jr., Steven K. Bowling, Richard S. Wirtz,

Knoxville, Tenn., for defendant-appellant.

Before KENNEDY and RYAN, Circuit Judges, and FEIKENS, Senior District Judge.*

RYAN, Circuit Judge.

This is a trademark infringement action brought pursuant to the Lanham Act, 15 U.S.C. §§ 1051, et seq. The principal issue is whether the district court correctly concluded that plaintiff Ferrari enjoyed unregistered trademark protection in the exterior shape and appearance of two of its automobiles and, if so, whether defendant Roberts' replicas of Ferrari's designs infringed that protection, in violation of section 43(a) of the Lanham Act. More narrowly focused, the issues are:

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* The Honorable John Feikens, Senior United States District Judge for the Eastern District of Michigan, sitting by designation.

- Whether Ferrari's automobile designs have acquired secondary meaning;
- Whether there is a likelihood of confusion between Ferrari's cars and Roberts' replicas;
- Whether the appropriated features of Ferrari's designs are nonfunctional; and
- Whether the injunction granted by the district court is excessively broad.

We must also decide whether the district court, 739 F.Supp. 1138, properly rejected Roberts' request for a jury trial.

We hold that the district court properly decided all of the issues and, therefore, we shall affirm.

I.

The Facts

Ferrari is the world famous designer and manufacturer of racing automobiles and upscale

sports cars. Between 1969 and 1973, Ferrari produced the 365 GTB/4 Daytona. Because Ferrari intentionally limits production of its cars in order to create an image of exclusivity, only 1400 Daytonas were built; of these, only 100 were originally built as Spyders, soft-top convertibles. Daytona Spyders currently sell for one to two million dollars. Although Ferrari no longer makes Daytona Spyders, they have continuously produced mechanical parts and body panels, and provided repair service for the cars.

Ferrari began producing a car called the Testarossa in 1984. To date, Ferrari has produced approximately 5000 Testarossas. Production of these cars is also intentionally limited to preserve exclusivity: the entire anticipated production is sold out for

the next several years and the waiting period to purchase a Testarossa is approximately five years. A new Testarossa sells for approximately $230,000.

Roberts is engaged in a number of business ventures related to the automobile industry. One enterprise is the manufacture of fiberglass kits that replicate the exterior features of Ferrari's Daytona Spyder and Testarossa automobiles. Roberts' copies are called the Miami Spyder and the Miami Coupe, respectively. The kit is a one-piece body shell molded from reinforced fiberglass. It is usually bolted onto the undercarriage of another automobile such as a Chevrolet Corvette or a Pontiac Fiero, called the donor car. Roberts marketed the Miami Spyder primarily through advertising in kit-car magazines. Most of the replicas were sold as kits for about

$8,500, although a fully accessorized "turn-key" version was available for about $50,000.

At the time of trial, Roberts had not yet completed a kit-car version of the Miami Coupe, the replica of Ferrari's Testarossa, although he already has two orders for them. He originally built the Miami Coupe for the producers of the television program "Miami Vice" to be used as a stunt car in place of the more expensive Ferrari Testarossa.

The district court found, and it is not disputed, that Ferrari's automobiles and Roberts' replicas are virtually identical in appearance.

Ferrari brought suit against Roberts in March 1988 alleging trademark infringement, in violation of section 43(a) of the Lanham Act, and obtained a preliminary injunction enjoining Roberts from

manufacturing the replica cars. The injunction was later amended to permit Roberts to recommence production of the two models.

Five months later, Roberts filed a voluntary petition in bankruptcy. Despite the Chapter 11 proceedings, the bankruptcy court, in a carefully limited order, lifted the automatic stay and permitted Ferrari to continue to prosecute this action. Prior to trial, the district court denied Roberts' request for a jury, and the case was tried to the court resulting in a verdict for Ferrari and a permanent injunction enjoining Roberts from producing the Miami Spyder and the Miami Coupe.

II.

Section 43(a) of the Lanham Act creates a civil cause of action for trademark infringement. In

relevant part, section 43(a) provides:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which —
>
> (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . . . .

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

[1, 2] The protection against infringement provided by section 43(a) is not limited to "goods, services or commercial activities" protected by registered trademarks. It extends as well, in certain circumstances, to the unregistered "trade dress" of an article. "Trade dress" refers to "the image and overall appearance of a product." Allied Mktg. Group, Inc. v. CDL Mktg., Inc., 878 F.2d 806, 812 (5th Cir. 1989). It embodies "that arrangement of identifying characteristics or decorations connected with a product, whether by packaging or otherwise, intended to make the source of the product distinguishable from another and to promote its sale." Mr. Gasket Co. v. Travis, 35 Ohio App.2d 65, 72 n. 13, 299 N.E.2d

906, 912 n. 13 (1973).

Ferrari's Lanham Act claim in this case is a "trade dress" claim. Ferrari charges, and the district court found, that the unique and distinctive exterior shape and design of the Daytona Spyder and the Testarossa are protected trade dress which Roberts has infringed by copying them and marketing his replicas.

Roberts asserts that there has been no infringement under section 43(a) for a number of reasons: (1) the design of Ferrari's vehicles are protected only under design patent law, see 35 U.S.C. § 171, and not the Lanham Act; (2) there is no actionable likelihood of confusion between Ferrari's vehicles and Roberts' replicas at the point of sale; and (3) the "aesthetic functionality doctrine" precludes recovery.

We shall take up each argument in turn.

III.

[3] To prove a violation of section 43(a), Ferrari's burden is to show, by a preponderance of the evidence:

1) that the trade dress of Ferrari's vehicles has acquired a "secondary meaning,"

2) that there is a likelihood of confusion based on the similarity of the exterior shape and design of Ferrari's vehicles and Roberts' replicas, and

3) that the appropriated features of Ferrari's trade dress are primarily nonfunctional.

See Kwik-Site Corp. v. Clear View Mfg. Co., Inc., 758 F.2d 167, 178 (6th Cir. 1985).

A.

Secondary Meaning

[4, 5] To acquire a secondary meaning in

the minds of the buying public, an article of merchandise when shown to a prospective customer must prompt the affirmation, "That is the article I want because I know its source," and not the negative inquiry as to "Who makes that article?" In other words, the article must proclaim its identification with its source, and not simply stimulate inquiry about it.

West Point Mfg. Co. v. Detroit Stamping Co., 222 F.2d 581, 595 (6th Cir.) (citation omitted), cert. denied, 350 U.S. 840, 76 S.Ct. 80, 100 L.Ed. 749 (1955). Arguably, secondary meaning in this case can be presumed from Roberts' admissions that he intentionally copied Ferrari's designs. Roberts told Vivian Bumgardner, an investigator who recorded her conversations with Roberts, that "we put this

whole body right on it and it looks just like a real car, I mean they can't tell by looking . . . We build and sell the same car, reproduce it." The intent to copy was also shown by Roberts' use of the distinctive Ferrari prancing horse logo on the front parking lights of the Daytona Spyder and in advertising brochures. The original Miami Coupe brochure even copied the Ferrari name by referring to the Roberts' car as the "Miami Testarossa." The evidence of intentional copying shows the strong secondary meaning of the Ferrari designs because "[t]here is no logical reason for the precise copying save an attempt to realize upon a secondary meaning that is in existence." Audio Fidelity, Inc. v. High Fidelity Recordings., Inc., 283 F.2d 551, 558 (9th Cir. 1960).

[6] Ferrari, however, need not rely on a presumption of secondary meaning because the evidence at trial showed that the exterior design of Ferrari's vehicles enjoyed strong secondary meaning. Lawrence Crane, Art Director of Automobile magazine, testified that the shape of a Ferrari "says Ferrari to the general populous (sic)" and that "because it's so instantly recognizable . . . we've used even just portions of Ferraris, the Testarossa, for instance, and people recognize it, and our sales are changed."

William Moore, Editor of Kit Car Illustrated, and a witness for Roberts, conceded that car replica manufacturers frequently copy Ferraris because the "special image" associated with Ferrari creates a market for cars which look like Ferraris. The testimony of Crane and Moore was supported by survey data which indicated that of survey

respondents shown photographs of Ferrari's cars without identifying badges, 73% properly identified a photograph of Daytona Spyder as manufactured by Ferrari and 82% identified the Testarossa as a Ferrari product. Such survey evidence, combined with intentional copying and the widespread publicity surrounding Ferraris, convinced the court in a separate action brough by Ferrari against Roberts' former partner to enjoin him from producing replicas of the Daytona Spyder identical to those produced by Roberts, that the Ferrari vehicle design has a secondary meaning:

> In light of defendants' close intentional copying, their failure to introduce any evidence to show that such copying was for any purpose but to associate themselves with the reputation and marketability

> of the Ferrari DAYTONA SPYDER, the large amount of recognition of said design with Ferrari shown in continuous magazine articles and books about the DAYTONA SPYDER long after the cessation of its manufacture, the showings of the Ferrari DAYTONA SPYDER at vintage car shows, the highly publicized sales of said car by Ferrari customers, and the percentages of recognition in both the plaintiff's and the defendants' surveys, . . . the court finds the evidence thorough and convincing that the Ferrari DAYTONA SPYDER design has achieved a strong secondary meaning.

Ferrari S.P.A. v. McBurnie, 11 U.S.P.Q.2d 1843, 1846-47 (S.D. Cal. 1989).

Ferrari's vehicles would not acquire secondary meaning merely because they are unique designs or because they are aesthetically beautiful. The design

must be one that is instantly identified in the mind of the informed viewer as a Ferrari design. The district court found, and we agree, that the unique exterior design and shape of the Ferrari vehicles are their "mark" or "trade dress" which distinguish the vehicles' exterior shapes not simply as distinctively attractive designs, but as Ferrari creations.

We also agree with the district court that Roberts' admission that he intentionally copied Ferrari's design, the survey evidence introduced by Ferrari, and the testimony of Crane and Moore amount to abundant evidence that the exterior design features of the Ferrari vehicles are "trade dress" which have acquired secondary meaning.

[7] Roberts argues strongly that section

43(a) provides no trademark infringement protection for the exterior design of a product because "automobile designs are to be protected from copying only pursuant to the design patent statute," and Ferrari, during the period relevant to this case, had not protected the Daytona Spyder or the Testarossa with a design patent. We disagree.

Courts have consistently rejected Roberts' argument that the availability of design patent protection precludes applicability of the Lanham Act for products whose trade dress have acquired strong secondary meaning. Actionable harm results from either infringing a design patent or copying a product with secondary meaning. Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc., 221 F2d 464, 466 (2d Cir.), cert. denied, 350 U.S. 832, 76 S.Ct. 67, 100 L.Ed. 743

(1955). See also Audio Fidelity, 283 F.2d at 555. As the court explained in Rolls-Royce Motors, Ltd., v. A & A Fiberglass, Inc., 428 F.Supp. 689, 692-93 (N.D.Ga.1977):

> There is no doubt that the plaintiffs' Classic Grill and Flying Lady are attractive objects. As such, they may be deserving of copyright or design patent protection. Their entitlement to trademark recognition, however, depends not on their eye appeal but on their characteristic of identifying the manufacturer of Rolls-Royce motor cars.

Likewise, the distinctive appearance of a Ferrari's exterior shape, as evidenced at trial by surveys and the testimony of car magazine editors and others, entitles Ferrari to Lanham Act protection. This trademark protection does not unduly extend the

seventeen-year monopoly guaranteed by the patent laws because the two sources of protection are totally separate.

> [T]rademark rights, or rights under the law of unfair competition, which happen to continue beyond the expiration of a design patent, do not "extend" the patent monopoly. They exist independently of it, under different law and for different reasons. The termination of either has no legal effect on the continuance of the other.

Application of Mogen David Wine Corp., 328 F.2d 925, 930, 51 CCPA 1260 (1964). Patent and trademark law are completely distinct fields:

> The protection accorded by the law of trademark and unfair competition is greater than that accorded by the law of patents because each is directed at a different purpose. The latter

> protects inventive activity which, after a term of years, is dedicated to the public domain. The former protects commercial activity which, in our society, is essentially private.

Truck Equip. Serv. Co. v. Fruehauf Corp., 536 F.2d 1210, 1215 (8th Cir.), cert. denied, 429 U.S. 861, 97 S.Ct. 164, 50 L.Ed.2d 139 (1976).

The dissent disagrees that patent and trademark law are distinct fields of law. The dissent, citing Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 109 S.Ct. 971, 103 L.Ed.2d 118 (1989); Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S.234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964); and Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964), argues that Ferrari's designs are not protected because

unpatented goods may be freely copied. In the cases cited in the dissenting opinion, the Supreme Court examined state unfair competition laws to determine whether federal patent law preempted their application. In all three cases, the Court held that a state, through its unfair competiiton laws, could not extend patent protection to otherwise unprotected designs because such protection conflicted with the federal policy of substantially free trade in unpatented design and utilitarian concepts. See Bonito Boats, 489 U.S. at 152-54, 109 S.Ct. at 978-79.

These cases, however, do not affect the applicability of the Lanham Act in this case. First, the Court in Compco expressly noted that a defendant can copy at will if the design is "not entitled to a design patent or other federal statutory protection

. . . " Compco, 376 U.S. at 238, 84 S.Ct at 782 (emphasis added). Thus, Roberts cannot copy at will because "other federal statutory protection," the Lanham Act, applies. Second, these cases involved only the preemption of state unfair competition law by federal patent law, not the scope of federal trademark or unfair competition law. Because trademark law and patent law address different concerns, and because of the narrow focus of the Supreme Court's inquiry in Compco and Sears, courts have explicitly held that these decisions do not preclude Lanham Act protection of designs. Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 204 (2d Cir.1979); Rolls-Royce Motors, 428 F.Supp. 689.

Thus, Lanham Act protection is available to designs which also might have been covered by design patents as long as the designs have acquired secondary meaning. Dallas Cowboys Cheerleaders, 604 F.2d at 204-05; Truck Equip. Serv., 536 F.2d 1210; Mogen David, 328 F.2d 925; Rolls-Royce, 428 F.Supp. 689. Ferrari's designs have clearly acquired secondary meaning and thus were entitled to protection.

B.

Likelihood of Confusion

1.

District Court's Findings

[8, 9] This court has held that in determining likelihood of confusion in a Lanham Act case, the court should consider the following factors: strength of the plaintiff's mark; relatedness of the goods; similarity of the marks; evidence of actual confusion;

marketing channels used; likely degree of purchaser care; defendant's intent in selecting the mark; and likelihood of expansion of the product lines. Frisch's Restaurants, Inc. v. Elby's Big Boy, 670 F.2d 642, 648 (6th Cir.), cert. denied, 459 U.S. 916, 103 S.Ct. 231, 74 L.Ed.2d 182 (1982). A party claiming infringement need not show all, or even most, of these factors in order to prevail. Wynn Oil Co. v. Thomas, 839 F.2d 1183, 1186 (6th Cir. 1988). A district court's findings regarding each factor are reviewed for clear error, but the further determination of likelihood of confusion based on those factors is a legal conclusion reviewed de novo. Frisch's Restaurants, 670 F.2d at 651.

The district court found, based upon an evaluation of the eight Frisch factors, that the

similarity of the exterior design of the Ferrari vehicles and the Roberts replicas was likely to confuse the public. The court noted that while no evidence was offered on two of the factors, evidence of actual confusion and likelihood of expansion of the product lines, two others, marketing channels and purchaser care, favored Roberts and the remaining factors "radically favor[ed] Ferrari."

Summarized, the district court's findings on the Frisch "likelihood of confusion" factors are as follows:

Factors	Favor
1. Strength of the mark	Ferrari
2. Relatedness of the goods	Ferrari
3. Similarity of the marks	Ferrari
4. Evidence of actual confusion	No evidence
5. Marketing channels used	Roberts
6. Likely degree of purchaser care	Roberts
7. Roberts' intent in selecting "mark"	Ferrari
8. Likelihood of expansion of product lines.	No evidence

Recalling that the claimed mark involved here is the trade dress — the exterior shape and design of the Ferrari vehicles — it is clear that Ferrari's mark is very strong. The strength of the mark is its distinctiveness and Ferrari's designs are unquestionably distinctive. The survey evidence we have discussed, as well as the testimony that the shape of the plaintiff's vehicles "says Ferrari," is evidence of that distinctiveness. Indeed, Roberts' purposeful effort to copy the Ferrari designs is strong circumstantial evidence of the distinctiveness of the originals.

There is no dispute about the relatedness of the goods factor. The products produced by both parties are sports cars.

Likewise, the similarity of the marks — the exterior designs of the vehicles — is indisputable.

Ferrari offered survey evidence which showed that 68% of the respondents could not distinguish a photograph of the McBurnie replica, upon which Roberts' Miami Spyder is based, from a photograph of the genuine Ferrari Daytona Spyder. In these photographs, the cars were shown without identifying insignia. Drawings for Roberts' cars show identifying insignia, an "R" on the parking lens and vent window, but the cars produced at the time of trial did not include the "R". Because the survey respondents saw photographs of the McBurnie cars, and because all of the identifying insignia were removed, the survey has limited value in showing the likelihood of confusion between the Roberts and Ferrari vehicles if displayed with identifying emblems. The survey, however, does show that the trade dress of the two

car designs, the shapes and exteriors, were quite similar. An examination of the photographs of the cars which are in evidence confirms the striking similarity of the dress of the originals and the replicas. They are virtually indistinguishable.

[10] Finally, Roberts conceded that his intent in replicating the exterior design of Ferrari's vehicles was to market a product that looked as much as possible like a Ferrari original, although Roberts made no claim to his customers that his replicas were Ferraris. " '[The] intent of [a party] in adopting [another's mark] is a critical factor, since if the mark was adopted with the intent of deriving benefit from the reputation of [the plaintiff,] that fact alone may be sufficient to justify the inference that there is

confusing similarity.' " Frisch's Restaurants, 670 F.2d at 648 (emphasis in original) (quoting Amstar Corp. v. Domino's Pizza, Inc., 615 F.2d 252, 263 (5th Cir.), cert. denied, 449 U.S. 899, 101 S.Ct. 268, 66 L.Ed.2d 129 (1980)); see also Mastercrafters, 221 F.2d at 467. This is especially true in cases, such as this one, where the defendant sold a comparatively cheap imitation of an expensive, exclusive item. As the court in Rolex Watch explained:

> By selling the bogus watches, only one inference may be drawn: the Defendants intended to derive benefit from the Plaintiff's reputation. This inference is no less reasonable when weighed against the Defendants' assertion that in selling these watches, they did not fail to inform the recipients that they

were counterfeits.

Rolex Watch, U.S.A., Inc. v. Canner, 645 F.Supp. 484, 492 (S.D.Fla.1986).

Intentional copying, however, is not actionable under the Lanham Act "absent evidence that the copying was done with the intent to derive a benefit from the reputation of another." Zin-Plas Corp. v. Plumbing Quality AGF Co., 622 F.Supp. 415, 420 (W.D. Mich.1985). "Where the copying by one party of another's product is not done to deceive purchasers and thus derive a benefit from another's name and reputation, but rather to avail oneself of a design which is attractive and desirable, a case of unfair competition is not made out." West Point Mfg., 222 F.2d at 586. In this case, where Ferrari's design enjoyed strong secondary meaning and Roberts admitted that he designed his cars to look like Ferrari's,

the intent to copy was clear.

[11] We conclude that aside from the presumption of likelihood of confusion that follows from intentional copying, Ferrari produced strong evidence that the public is likely to be confused by the similarity of the exterior design of Ferrari's vehicles and Roberts' replicas.

2.

Roberts' Objections

Roberts disagrees with the legal significance of the district court's findings of likelihood of confusion. He argues that for purposes of the Lanham Act, the requisite likelihood of confusion must be confusion at the point of sale — purchaser confusion — and not the confusion of nonpurchasing, casual observers. The evidence is clear that Roberts assured purchasers of his replicas that they were

not purchasing Ferraris and that his customers were not confused about what they were buying.

Roberts also argues that actionable confusion may not be inferred from intentional copying when the intentional copying involves the design of a product as opposed to the copying of a trademark, trade name or trade dress. Implicit, of course, is Roberts' related argument that the exterior shape and design of the Ferrari cars is not, and cannot be, a trademark or trade dress. We disagree with these contentions.

a.

Confusion as to Source

[12, 13] Roberts is correct that, for the most part, similarity of products alone is not actionable; there must also be confusion as to the origin of the product. West Point Mfg., 222 F.2d at 589; see also

626 F.2d 193, 195 (1st Cir.1980). Similarity of products, however, does become actionable when the similarity leads to confusion as to source and the public cares who the source of the product is.

> [O]ne who claims that another is guilty of unfair competition in copying his product, must show that the consuming public is primarily concerned in the producer, rather than in the product itself; . . . the only obligation of the copier is to identify its product lest the public be mistaken into believing that it was made by the prior patentee.

West Point Mfg., 222 F.2d at 589. Thus, in West Point Mfg., there was no unfair competition where the plaintiff had not shown that the public cared who produced the clamp; no secondary meaning had attached to

the plaintiff's clamp. West Point, however, does not hold that similarity of appearance may never state a claim. In fact, the West Point court explicitly recognized that a different case would exist where there is strong secondary meaning:

> Appellee cites Wesson v. Galef, [286 F.621 (D.C.N.Y.1922)] as sustaining its contention that the exact copying of the features of appellee's clamp resulted in unfair competition. That case is distinguishable. There, the ensemble of plaintiff's revolver, a Smith & Wesson, had come to mean the product of the manufacture of plaintiff, an old and well-known firm. In fact, few products in the past have been better known that the Smith & Wesson, along with the Colt revolver. The mere mention of their names in former times has

inflamed the imagination of youths dreaming of deeds of derring-do; and these guns have been known to generations of soldiers, sportsmen, and police officers, as well as to their quarry. The Smith & Wesson revolver had many peculiar features which had made it known to the public as the product of the manufacturer of those guns. The barrel, for instance, was squared at the frame end, which was unnecessary. This was copied, as well as its peculiar profile. A stop on the left to hold the chamber when it was swung out of position was exactly imitated in shape. Other well-known characteristics of the gun were also copied. In view of these circumstances, the court found that the purpose of the imitation was to sell the copy as a Smith & Wesson revolver. In the instant case, there is no evidence to support any such

findings.

Id. at 597. In contrast to West Point, Roberts copied the nonfunctional features of an item having great secondary meaning.

Because consumers care that they are purchasing a Ferrari as opposed to a car that looks like a Ferrari, and because Roberts' replicas look like Ferraris, Ferrari presented an actionable claim as to confusion of source.

b.

Confusion at Point of Sale

[14] Roberts argues that his replicas do not violate the Lanham Act because he informed his purchasers that his significantly cheaper cars and kits were not genuine Ferraris and thus there was no confusion at the point of sale. The Lanham Act, however,

was intended to do more than protect consumers at the point of sale. When the Lanham Act was enacted in 1946, its protection was limited to the use of marks "likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services." In 1967, Congress deleted this language and broadened the Act's protection to include the use of marks "likely to cause confusion or mistake or to deceive." Thus, Congress intended "to regulate commerce within [its control] by making actionable the deceptive and misleading use of marks in such commerce; [and] . . . to protect persons engaged in such commerce against unfair competition . . . " 15 U.S.C. § 1127. Although, as the dissent points out, Congress rejected an anti-dilution provision when recently amending the Lanham Act, it made no effort to amend or delete this language

clearly protecting the confusion of goods in commerce. The court in Rolex Watch explicitly recognized this concern with regulating commerce:

> The real question before this Court is whether the alleged infringer has placed a product in commerce that is "likely to cause confusion, or to cause mistake, or to deceive." . . . The fact that an immediate buyer of a $25 counterfeit watch does not entertain any notions that it is the real thing has no place in this analysis. Once a product is injected into commerce, there is no bar to confusion, mistake, or deception occurring at some future point in time.

Rolex Watch, 645 F.Supp. at 492-93 (emphasis in original). The Rolex Watch court noted that this interpretation was necessary to protect against the

cheapening and dilution of the genuine product, and to protect the manufacturer's reputation. Id. at 495; see also Mastercrafters, 221 F.2d at 466. As the court explained:

> Individuals examining the counterfeits, believing them to be genuine Rolex watches, might find themselves unimpressed with the quality of the item and consequently be inhibited from purchasing the real time piece. Others who see the watches bearing the Rolex trademarks on so many wrists might find themselves discouraged from acquiring a genuine because the items have become too common place and no longer possess the prestige once associated with them.

Rolex Watch, 645 F.Supp. at 495; see also Mastercrafters, 221 F.2d at 466. Such is the damage which could occur here. As the district court

explained when deciding whether Roberts' former partner's Ferrari replicas would be confused with Ferrari's cars:

> Ferrari has gained a well-earned reputation for making uniquely designed automobiles of quality and rarity. The DAYTONA SPYDER design is well-known among the relevant public and exclusively and positively associated with Ferrari. If the country is populated with hundreds, if not thousands, of replicas of rare, distinct, and unique vintage cars, obviously they are no longer unique. Even if a person seeing one of these replicas driving down the road is not confused, Ferrari's exclusive association with this design has been diluted and eroded. If the replica Daytona looks cheap or in disrepair, Ferrari's reputation for

rarity and quality could be damaged . . .

Ferrari, 11 U.S.P.Q.2d at 1848. The dissent argues that the Lanham Act requires proof of confusion at the point of sale because the eight factor test used to determine likelihood of confusion focuses on the confusion of the purchaser, not the public. The dissent submits that three of the factors, marketing channels used, likely degree of purchaser care and sophistication, and evidence of actual confusion, specifically relate to purchasers.

However, evidence of actual confusion is not limited to purchasers. The survey evidence in this case showed that members of the public, but not necessarily purchasers, were actually confused by the similarity of the products. Moreover, the other five factors, strength of the mark, relatedness of the

goods, similarity of the marks, defendant's intent in selecting the mark, and likelihood of product expansion, do not limit the likelihood of confusion test to purchasers.

Since Congress intended to protect the reputation of the manufacturer as well as to protect purchasers, the Act's protection is not limited to confusion at the point of sale. Because Ferrari's reputation in the field could be damaged by the marketing of Roberts' replicas, the district court did not err in permitting recovery dispite the absence of point of sale confusion.

3.

Product Confusion

[15] Roberts argues that the exterior design features of the Ferrari vehicles are not entitled to

Lanham Act protection because only packages in which products are marketed, not products themselves, are covered as protected trade dress. In many cases, the policy of fulfilling consumer demand mandates that trade dress, including packaging and labeling, but not products, are protected from imitation:

> Appellant could not prevent appellee from using railroad sounds in a record, but should be able to prevent duplication of a "form of dress . . . primarily adopted for purposes of identification and individuality," and "unrelated to basic consumer demands in connection with the product" . . ., as distinguished from basic consumer demands or preferences, or attention directed to the container rather than to the

product itself.

> "[T]he label or ornament is a relatively small and incidental affair, which would not exist at all, or at least would not exist in the shape but for the intent to deceive; whereas the instrument sold is made as it is, partly at least, because of a supposed or established desire of the public for instruments in that form."

Audio Fidelity, 283 F.2d at 556-57 (citations omitted). In this case, where the exterior shape and design of the car is a "form of dress . . . primarily adopted for purposes of identification and individuality," the interest in free competition of cars would not be impeded by protecting the product itself. We are fortified in this conclusion by the large number of cases extending trademark protection to product designs.

Ferrari, 11 U.S.P.Q.2d 1843 (Ferrari design); see also Vuitton Et Fils S.A. v. J. Young Enterprises Inc., 644 F.2d 769, 772 (9th Cir.1981) (purse design); Dallas Cowboys Cheerleaders, 604 F.2d 200 (configuration of color and pattern on uniform); Truck Equip. Serv., 536 F.2d 1210 (trapezoidal shape of semi-trailer truck); Pagliero v. Wallace China Co., 198 F.2d 339 (9th Cir.1952) (china patterns); Rolex Watch, 645 F.Supp. 484 (Rolex watch design); Zin-Plas, 622 F.Supp. at 419 (shape of tub spouts and shower heads).

Even if a product cannot be protected, Ferrari is correct in asserting that its exteriors qualify as a trade dress. As the court explained in a replication case involving expensive silver patterns, "A product's

trade dress ordinarily consists of its packaging. However, the design given a product by its manufacturer also may serve to distinguish it from the products of other manufacturers and hence be protectible trade dress." Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co., 916 F.2d 76, 78-79 (2d Cir.1990), cert. denied, ____ U.S. ____, 111 S.Ct. 1622, 113 L.Ed.2d 720 (1991). In this case, the exterior design is the "packaging" that is the distinctiveness of a Ferrari automobile. The evidence is that Ferraris need no labeling; the shape of the vehicles "says Ferrari."

C.

Nonfunctionality of Appropriated Features

[16-18] Trademark law does not protect the functional features of products because such

protection would provide a perpetual monopoly of features which could not be patented. Keene Corp. v. Paraflex Indus., Inc., 653 F.2d 822, 825 (3d Cir.1981). A product feature is functional "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U.S. 844, 850 n. 10, 102 S.Ct. 2182, 2187 n. 10, 72 L.Ed.2d 606 (1982). Functionality is a factual deter mination reviewed only for clear error. LeSportsac, Inc. v. K Mart Corp., 754 F.2d 71, 77 (2d Cir.1985).

[19] The district court found that Ferrari proved, by a preponderance of the evidence, that the exterior shapes and features of the Daytona Spyder and Testarossa were nonfunctional. The court based this conclusion on the uncontroverted testimony

of Angelo Bellei, who developed Ferrari's grand touring cars from 1964-75, that the company chose the exterior designs for beauty and distinctiveness, not utility. Roberts disagrees that Ferrari established non-functionality because he believes that the designs are excluded from protection by the "aesthetic functionality doctrine."

The aesthetic functionality test was developed by the Ninth Circuit in Pagliero, 198 F.2d 339. In Pagliero, the court found that the defendant's copying of the plaintiff's designs for hotel china was not actionable because the designs were functional as "an important ingredient in the commercial success of the product" as opposed to "a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and

individuality and, hence, unrelated to basic consumer demands in connection with the product . . . " Id. at 343. As the court explained:

> [O]ne of the essential selling features of hotel china, if, indeed, not the primary, is the design. The attractiveness and eye appeal of the design sells the china. Moreover, from the standpoint of the purchaser china satisfies a demand for the aesthetic as well as for the utilitarian, and the design on china is, at least in part, the response to such demand. The granting of relief in this type of situation would render Wallace immune from the most direct and effective competition with regard to these lines of china.

Id. at 343-44.

The broad scope of aesthetic functionality defined in Pagliero has been subsequently criticized and limited. Relating functionality to the commercial desirability of the feature regardless of its utilitarian function discourages the development of appealing designs because such designs would be entitled to less protection. Keene Corp., 653 F.2d at 825; see also Wallace Int'l Silversmiths, 916 F.2d 76. Moreover, Pagliero's "important ingredient" formula has been rejected because "[t]rade dress associated with a product that has accumulated goodwill . . . will almost always be 'an important ingredient' in the 'saleability' of the product." LeSportsac, 754 F.2d at 77. In part because of these concerns, the Ninth Circuit itself later rejected the view that "any feature

of a product which contributes to the consumer appeal and saleability of the product is, as a matter of law, a functional element of that product." Vuitton, 644 F.2d at 773.

[20] Our own circuit seems to have implicitly rejected Pagliero's aesthetic functionality test. In WSM, Inc. v. Tennessee Sales Co., 709 F.2d 1084 (6th Cir.1983), the defendant, who copied plaintiff's amusement park souvenir T-shirts, argued that the design was not protected because of its aesthetic functionality. The court rejected this argument:

> TS' assertion that its use of the involved design is "functional," i.e., "ornamental" or "decorative," is unavailing . . . That an item serves or performs a function does not mean, however, that it may not at the same time be capable of

> indicating sponsorship or origin where aspects of the item are non-functional. Dallas Cowboys Cheerleaders, [604 F.2d 200].
>
> The district court found that WSM's mark served to indicate source in addition to any "ornamental" function it might also serve. No basis exists for upsetting that finding.

Id. at 1087. Thus, the precedent in this circuit suggests that aesthetic functionality will not preclude a finding of nonfunctionality where the design also indicates source.

Other circuits also emphasize identification of source in limiting Pagliero. In Keene Corp., the third Circuit suggested that "the inquiry should focus on the extent to which the design feature is related to the utilitarian function of the product or feature." Keene Corp., 653 F.2d at 825.

Thus, trademark law would protect designs not significantly related to a product's utilitarian function which had achieved secondary meaning. Id. The court noted that this veiw had already received acceptance in cases holding that distinctive features used for identification were entitled to protection where such features were only incidentally functional. Dallas Cowboys Cheerleaders, 604 F.2d at 204; Application of Penthouse Int'l Ltd., 565 F.2d 679, 682 (C.C.P.A.1977); Truck Equip Serv., 536 F.2d at 1218. The Ninth Circuit also seemed to accept this formulation as a legitimate reading of Pagliero. In Vuitton, the court noted that the designs in Pagliero were adopted because of their aesthetic features and only after extensive advertising later became associated with the manufacturer. Vuitton, 664 F.2d at 773.

That situation differs greatly from this case in which the Ferrari designs were selected for their distinctiveness.

D. Scope of Injunction

[21] Because we agree with the district court that Ferrari met its burden of establishing a violation of the Lanham Act, we affirm its grant of injunctive relief. The district court enjoined Roberts from

> manufacturing, or selling, or distributing, or in any manner, enabling or aiding others to manufacture, or to sell, or to distribute the Miami Spyder and the Miami Coupe and all versions thereof, including but not limited to their exterior shapes and features, the designs of which have been determined to violate plaintiff's (Ferrari) right to protection under the

Lanham Act with respect to 365 GTB/4 (Daytona Spyder) and the Testarossa.

The dissent argues that the injunction is too broad because it enjoins the manufacture of "all versions" of Roberts' vehicles. We disagree. The injunction states that it enjoins the manufacture of "the designs . . . which have been determined to violate plaintiff's (Ferrari) right to protection under the Lanham Act" with respect to the Daytona Spyder and the Testarossa. Thus, the district court enjoined the manufacture of the two vehicles which were the subject of the suit before it and which it found violative of the Lanham Act. The dissent also argues that enjoining the manufacture of the vehicles is not the proper relief where likelihood of confusion could be remedied by proper labeling. This court, however,

in an opinion by then Judge Stewart, stated:

> This court has consistently held that when the unfair competition complained of is the marketing of a product in containers or labels deceptively similar to the first comer's containers or labels which have acquired a secondary meaning, the competitor cannot avoid liability merely by affixing his own name.

Tas-T-Nut Co. v. Variety Nut & Date Co. 245 F.2d 3, 7 (6th Cir.1957). Therefore, we affirm the grant of injunctive relief, finding that it is an appropriate remedy for the Lanham Act violations.

E.

Jury Trial

In his answer to Ferrari's complaint, Roberts requested a jury trial. The initial pretrial order,

however, set the case for trial without a jury and there was no objection by Roberts. At the time the pretrial order was entered, Roberts was not represented by counsel. Roberts' current counsel, who discovered the error three months later, immediately moved for a jury trial. The district court denied the motion on the ground that Roberts had waived his prior demand by failing to timely object. The case was heard without a jury.

[22] Without relying upon the waiver theory, we conclude, on other grounds, that Roberts was not entitled to a jury trial. Ferrari's complaint requested only equitable relief; an injunction and disgorgement of profits. Moreover, the bankruptcy court's order lifting the automatic stay and permitting Ferrari to

continue to prosecute this action limited Ferrari to equitable relief by providing that Ferrari "may continue to prosecute the Ferrari Infringement Action against Mr. Roberts in the U.S. District Court for the Eastern District of Tennessee for the equitable relief that Ferrari seeks therein, not to include any compensatory or punitive damages . . ." because the bankruptcy court permitted Ferrari to seek only equitable relief, Roberts was not entitled to a jury trial.

IV.

For the foregoing reasons, the judgment of the district court is AFFIRMED.

KENNEDY, Circuit Judge, dissenting.

I respectfully dissent because the majority opinion does more than protect consumers against a

likelihood of confusion as to the source of goods; it protects the source of the goods, Ferrari, against plaintiff's copying of its design even if the replication is accompanied by adequate labelling so as to prevent consumer confusion. I believe the majority commits two errors in reaching this result. The majority first misconstrues the scope of protection afforded by the Lanham Act by misapplying the "likelihood of confusion" test and reading an anti-dilution provision into the language of section 43(a). The majority then affirms an injunction that is overbroad. The product of these errors is a remedy that provides defendant with absolute protection in perpetuity against copying its unpatented design. This remedy is contrary to the language and purpose of the Lanham Act

and runs afoul of Supreme Court precedent. Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 109 S.Ct. 971, 103 L.Ed.2d 118 (1989); Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S.234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964); Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964).

I. Section 43(a) and Trade

Dress Protection

The majority invokes the appropriate test to determine whether protection is available for an unregistered trademark pursuant to section 43(a) of the Lanham Act. Kwik-Site Corp. v. Clear View Mfg. Co., 758 F.2d 167 (6th Cir.1985) (secondary meaning; likelihood of confusion; and nonfunctionality of trade dress). While I agree that Ferrari's designs

have acquired secondary meaning and are primarily nonfunctional, I disagree with the majority's construction and application of the likelihood of confusion test and their conclusion that the Lanham Act protects against dilution of a manufacturer's goods.

This Circuit applies an eight-factor test to determine whether relevant consumers in the marketplace will confuse one item with another item. Frisch's Restaurants, Inc. v. Elby's Big Boy, Inc., 670 F.2d 642 (6th Cir.), cert. denied, 459 U.S. 916, 103 S.Ct. 231, 74 L.Ed.2d 182 (1982). The majority correctly points out one purpose this test is not designed to accomplish: "Where the copying by one party of another's product is not done to deceive purchasers and thus derive a benefit from another's name and reputation, but rather to avail oneself

of a design which is attractive and desirable, a case of unfair competition is not made out." West Point Mfg. v. Detroit Stamping Co., 222 F.2d 581, 586 (6th Cir.) (emphasis added), cert. denied, 350 U.S. 840, 76 S.Ct. 80, 100 L.Ed. 749 (1955). This passage properly notes that the statute is triggered when a copier attemps to "palm off" his replica as an original. In other words, the protection afforded by the Lanham Act is primarily to potential purchasers. The protection accruing to a producer is derivative of and only incidental to this primary protection: a producer can market his goods with the assurance that another may not market a replica in a manner that will allow potential purchasers to associate the replica with the producer of the original. Unfortunately, the majority

merely pays lip service to this fundamental tenet in its application of the eight-factor test.

The majority never clearly defines the target group that is likely to be confused. Although West Point counsels that purchasers must be deceived, the majority concludes that the target group is the "public." The majority errs to the extent that its analysis shifts from potential purchasers to the broader more indefinite group of the "public."

The eight-factor test contemplates that the target group is comprised of potential purchasers. For example, the importance of one factor-evidence of actual confusion — is determined by the kinds of persons confused and degree of confusion. "Short-lived confusion or confusion of individuals casually acquainted with a business is worthy of little weight

. . ." Homeowners Group, Inc. v. Home Marketing Specialists, Inc., 931 F.2d 1100, 1110 (6th Cir. 1991) (quoting Safeway Stores, Inc. v. Safeway Discount Drugs, Inc., 675 F.2d 1160, 1167 (11th Cir.1982)). Two other factors obviously refer to potential purchasers: the marketing channels used and the likely degree of purchaser care and sophistication. Thus, three of the eight factors expressly focus on the likelihood of confusion as to potential purchasers.

Other courts have made clear that section 43(a) is concerned with the welfare of potential purchasers in the marketplace. See Kwik-Site, 758 F.2d at 178 (referring to "intending purchasers" when discussing likelihood of confusion); see also Coach Leatherware Co. v. AnnTaylor Inc., 993 F.2d 162, 168 (2d Cir.1991) (stating that plaintiff must prove that

"purchasers are likely to confuse the imitating goods with the originals"); West Point, 222 F.2d at 592 (referring to "purchasers exercising ordinary care to discover whose products they are buying . . ." (quoting Reynolds & Reynolds Co. v. Norick, 114 F.2d 278 (10th Cir.1940)).

Plaintiff's replicas are not likely to confuse potential purchasers. Plaintiff's vehicles display an "R" on the parking lenses and vent windows. No symbols or logos affiliated with Ferrari are displayed. Roberts informs all purchasers that his product is not affiliated with Ferrari. In light of these distinctions, and the high degree of customer care and sophistication that normally accompanies such a purchase-defendant's vehicles at issue sell for a minimum of $230,000, as well as the distinctly different

marketing channels employed by the parties, I find the evidence insufficient to prove a likelihood of confusion by potential purchasers in the marketplace.

To be sure, some courts have expanded the application of the likelihood of confusion test to include individuals other than point-of-sale purchasers. These courts have included potential purchasers who may contemplate a purchase in the future, reasoning that in the pre-sale context an "observer would identify the [product] with the [original manufacturer], and the [original manufacturer]'s reputation would suffer damage if the [product] appeared to be of poor quality." Polo Fashions, Inc. v. Craftex, Inc., 816 F.2d 145, 148 (4th Cir. 1987); see Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc., 221 F.2d 464 (2d Cir.),

cert. denied, 350 U.S. 832, 76 S.Ct. 67, 100 L.Ed. 743 (1955); Rolex Watch, U.S.A., Inc. v. Canner, 645 F.Supp. 484 (S.D. Fla. 1986)

In applying the test in this manner, these courts appear to recognize that the deception of a consumer under these circumstances could dissuade such a consumer from choosing to buy a particular product, thereby foreclosing the possibility of point-of-sale confusion but nevertheless injuring the consumer based on this confusion. The injury stems from the consumer's erroneous conclusion that the "original" product is poor quality based on his perception of a replica that he thinks is the original. These cases protect a potential purchaser against confusion as to the source of a particular product. Hence, even when expanding the scope of this test, these

courts did not lose sight of the focus of section 43(a): the potential purchaser. The majority applies the likelihood of confusion test in a manner which departs from this focus.

The cases which have expanded the scope of the target group are distinguishable from the instant case, however. In Rolex, the counterfeit watches were labelled "ROLEX" on their face. Similarly, the Mastercrafters court found that the clock was labelled in a manner that was not likely to come to the attention of an individual. It is also noteworthy that the Second Circuit has limited Mastercrafters "by pointing out that '[i]n that case there was abundant evidence of actual confusion, palming off and an intent to deceive.' " Bose Corp. v. Linear Design Labs,

Inc., 467 F.2d 304, 310 n. 8 (2d Cir.1972) (quoting Norwich Pharmacal Co. v. Sterling Drug, Inc., 271 F.2d 569 (2d Cir.1959), cert. denied, 362 U.S. 919, 80 S.Ct. 671, 4 L.Ed.2d 739 (1960)). No evidence was introduced in the instant case to show actual confusion, palming off or an intent to deceive and, as previously noted, plaintiff does not use any name or logo affiliated with Ferrari on it replicas.

Further, these cases conclude that the proper remedy is to require identification of the source of the replica, not prohibit copying of the product. See West Point, 222 F.2d at 589 (stating that under such circumstances "the only obligation of the copier is to identify its product lest the public be mistaken into believing that it was made by the prior patentee"); see also Coach Leatherware, 933 F.2d at 173 (Winter,

J., dissenting in part) (stating that "[a copier] thus has every right to copy [a product] so long as consumers know they are buying (the copied product]") Accordingly, even if I were to conclude that plaintiff's copies created confusion in the presale context, I would tailor the remedy to protect only against such confusion; this would best be accomplished through adequate labelling. The majority's remedy goes well beyond protection of consumers against confusion as to a product's source. It protects the design itself from being copied. See supra at 1239.

In sum, the relevant focus of the eight-factor test should be upon potential purchasers in the marketplace. Plaintiff's replicas present no likelihood of confusion because plaintiff provides adequate labelling so as to prevent potential purchasers,

whether in the pre-sale or point-of-sale context, from cnfusing its replicas with Ferrari's automobiles. The majority errs by expanding the target group to include the "public," an expansion unsupported by the language and purpose of the Lanham Act. To the extent that the majority expands the target group, the test increasingly protects the design from replication and the producer from dilution, rather than the potential purchaser from confusion. [1]

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[1] I also note that the survey relied upon by the majority to prove a likelihood of confusion is fatally flawed. Generally, "[i]n assessing the likelihood of confusion, a court's concern is 'the performance of the marks in the commercial context.' " Homeowners Group, Inc. v. Home Marketing Specialists, Inc., 931 F.2d 1100, 1106 (6th Cir.1991) (quoting Frisch's Restaurants, Inc. v. Shoney's Inc., 759 F.2d 1261, 1266 (6th Cir. 1985)). "It is the overall impression of the mark, not an individual feature, that counts."

The majority does more than implicitly recognize a dilution cause of action by its misapplication of the eight-factor test; it expressly reads such a cause of action into the statute. To justify this interpretation, the majority points out that Congress deleted the word "purchasers" from the statutory language in 1967. According to the

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Id. at 1109. Applied to the instant case, this means that the analysis must be based on the products as they appear in the marketplace. The ultimate question is "whether relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way." Id. at 1107.

The survey lacks any probative value on the issue of consumer confusion because of the manner in which it was conducted. The survey was conducted by showing photographs of Ferrari's cars and Roberts' replicas stripped of their identifying badges. By conducting the survey in this manner, no assessment could be made of the likelihood of confusion in the "commercial context." Purchasers of plaintiff's cars are not purchasing from photographs.
Accordingly, the survey is meaningless as to the likelihood of confusion.

majority, this congressional act demonstrates that Congress intended "to protect against the cheapening and dilution of the genuine product, and to protect the manufacturer's reputation." I fail to see how this one congressional act leads to such a conclusion.

As an initial matter, the majority's method of reasoning should compel it to reach a different conclusion. In 1989, Congress specifically considered and rejected adding an anti-dilution provision to the Lanham Act.[2] This action, it can be asserted,

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[2] The most recent amendment to the Lanham Act, the Trademark Law Revision Act of 1988, Pub.L. No. 100-667, 102 Stat. 3935 (1988) (effective Nov. 16, 1989), as originally introduced in both houses of Congress, permitted separate causes of action for dilution, disparagement and tarnishment. All of these provisions were deleted from the legislation which eventually was enacted. House Rep. 100-1028 (Oct. 3, 1988) reprinted in United States Trademark Ass'n, The Trademark Law Revision Act of 1988, The Legislative History, Reports, Testimony, and Annotated Statutory Text 277, 278 (1989); Cong. Rec. H10411, H10421 (Oct. 19, 1988).

demonstrates that Congress does not now consider the protection of the Lanham Act to encompass injuries to a manufacturer based on dilution. The majority cannot look to one action of Congress to bolster its position, but ignore other actions which undercut its position.

More importantly, the language of the Lanham Act does not afford such protection to producers of goods. As noted in the previous section, the Lanham Act's protection runs to relevant consumers in the marketplace; its protection to producers is incidental to this primary protection. Requiring adequate labelling ensures that a producer will not have the poor quality of a replica imputed to its product by a confused potential purchaser. This is the only benefit accruing to a producer.

Trademark dilution is not a cause of action under the Lanham Act. See Eveready Battery Co. v. Adolph Coors Co., 765 F.Supp. 440 (N.D.Ill.1991).

Based on this reasoning, the majority enforces an injunction that goes far beyond the protection granted by the Lanham Act. Among other things, the injunction prohibits plaintiff from "manufacturing, or selling, or distributing . . . the Miami Spyder and the Miami Coupe and all versions thereof, including but not limited to their exterior shapes and features . . ." (Emphasis added). The injunction prohibits the copying of defendant's design, rather than tailoring its protection to address the statutory danger-confusion of potential purchasers as to the source of a product. The appropriate remedy is not to prohibit the copy-

ing of a particular article, but to require adequate identification. The language of the injunction prohibits defendant from selling a car with the design of a Miami Spyder or Miami Coupe regardless of whether he adequately labels his product. For example, plaintiff would violate the injunction if he were to produce a car with a design identical to one of Ferrari's designs, and which had inscribed on each door and the hood in block letters, "Made by Roberts. Not associated in any way with Ferrari."

The Second Circuit recently reviewed an injunction prohibiting a defendant from copying any of plaintiff's handbags, Coach Leatherware, 933 F.2d at 171. Concerned "that the grant of such broad relief chills competition excessively," the Court stated:

> [Plaintiff] produces from fifty to sixty different styles of handbags in various shapes and sizes. Though the scope of the injunction may reflect the court's desire to conserve judicial resources and stem relitigation of substantially similar infringement claims, we are skeptical that [plaintiff] could produce evidence sufficient to support such sweeping protection for its entire line of handbags. An extensive injunction prohibiting emulation of all types of [plaintiff's bags] could have the unacceptable effect of removing non-infringing design innovations from the market.

Id. at 24-25.

I find no support in the statutory language or legislative history of the Lanham Act for the broad

protection granted by the instant injunction.

II. The Sears-Compco-Bonito Boats Trilogy

The majority does not address this line of cases because it determines that federal trademark laws and federal patent laws are premised upon entirely different and mutually exclusive interests and objectives. It holds that no interrelationship exists between these laws; the availability of design patent protection does not preclude availability of Lanham Act protection. Thus, the majority concludes that this line of cases — Sears, Compco and Bonito Boats — has no relevance to federal trademark laws.

In both Sears and Compco, the Supreme Court considered whether a state's unfair competition statute impermissibly infringed upon federal pa-

tent laws by imposing liability for copying a product which was not protected by federal patent. Sears, 376 U.S. at 225, 84 S.Ct. at 784; Compco, 376 U.S. at 234, 84 S.Ct. at 779. In Sears, a company copied a pole lamp design and did not affix an identifying label on the lamp itself. In Compco, defendant sold lighting fixtures almost indentical to plaintiff's design. In both cases, the district court found that the designs had acquired secondary meaning and the copies created a likelihood of confusion.

Notwithstanding these conclusions, the Supreme Court reversed the lower courts and concluded that "[a]n unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so." Sears, 376 U.S. at 231, 84 S.Ct. at 789. The Court reasoned that "[t]o forbid copying would

interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain." Compco, 234 U.S. at 237, 84 S.Ct. at 782. The Court did provide one caveat to its holding:

> [A] state may, in appropriate circumstances, require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods.

Sears, 376 U.S. at 232, 84 S.Ct. at 789 (emphasis added).

The rationale of these cases was recently reaffirmed in Bonito Boats. There the Court struck down a state's unfair competition statute prohibiting the use of a particular molding process, plug molding, to duplicate any vessel hull or component parts of a vessel made by another person without the written permission of that other person. The Court struck down this statute and concluded that a state may not substantially interfere with or offer patent-like protection to an unpatented or utilitarian or design conception because it impermissibly impinges on federal patent policy. Id. 489 U.S. at 156, 109 S.Ct. at 980.

I conclude that these cases are directly relevant to the issue at hand.

While the purposes of the Lanham Act and federal patent laws are not identical, I nonetheless find some overlap and congruity of purpose among these laws. Both the Lanham Act and federal patent laws affect commercial activity, particularly in the area of design patents. Patent laws confer a monopoly of limited duration upon the holder of the patent; this directly affects the marketplace. Similarly, the Lanham Act protects against certain unfair trade practices including a likelihood of confusion among potential purchasers. It is simply inaccurate to say that trademark law affects commercial activity and patent law affects private activity.

Moreover, the Supreme Court in Sears, Compco and Bonito Boats states unequivocally that an interrelationship exists between unfair competition

laws and federal patent laws. The statutes at issue in Sears, Compco, and Bonito Boats were state unfair competition statutes similar to the Lanham Act in their purpose and objectives. By holding that these statutes conflicted with federal patent laws, the Supreme Court implicitly rejected the distinction urged by the majority. Hence, the rationale applied in this trilogy of cases to state unfair competition laws applies with equal force to federal trademark laws.

In sum, the criteria used by the majority to determine the availability and scope of protection by the Lanham Act for unpatented designs — an overly broad "likelihood of confusion" test and an anti-dilution therory- enlarge the Lanham Act's scope of protection beyond its statutory language and congressional intent, and result in an injunction that runs afoul of the Supreme Court's

holdings in Sears, Compco and Bonito Boats. Congress intended that the rights in a design should expire with their design patent. The effect of the majority's holding is to give Ferrari the equivalent of a design patent in perpetuity.

III.

Based on these errors, I would reverse and remand this case in order that the District Court could properly apply the eight-factor test used to determine the likelihood of confusion vis-a-vis potential purchasers.

FERRARI S.P.A. ESERCIZIO FABRICHE AUTOMIBILI E CORSE

v.

Carl ROBERTS, d/b/a Roberts Motor Company

No. CIV-2-88-73.

United States District Court, E.D. Tennessee, Northeastern Division.

April 27, 1990.

Automobile manufacturer brought trademark infringement action and unfair competition action against kit-car manufacturer. The District Court, Hull, Chief Judge, held that: (1) manufacturer proved kit-car manufacturer's automobiles infringed upon manufacturer's trademarks and exterior shapes and feature of its automobiles, violating Lanham Act, and (2) in light of evidence that model kit car manufacturer made efforts to apprise his customers that

regardless of similarity of appearance of his vehicles to those of auto manufacturer, his vehicles were not genuine products of that manufacturer, automobile manufacturer could not recover under Tennessee's common law of unfair competion.

So ordered.

Cleary, Gottlieb, Steen & Hamilton (Jonathan I. Blackman and Lawrence B. Friedman, of counsel), New York City, Robin, Blecker, Daley & Driscoll (Albert Robin, of counsel), New York City, Baker, Worthington, Crossley, Stansberry & Woolf, Johnson City, Tenn. (Ed E. Williams III, Robert D. Van de Vuurst, of counsel), for plaintiff.

Shumate & Bowling (W.F. Shumate, Jr. and Bobby Bishop, Jr., of counsel), Richard S. Wirtz

(pro hac vice), University of Tennessee College of Law, Knoxville, Tenn., for defendant.

MEMORANDUM OPINION

HULL, Cheif Judge.

This an action for unfair competion in which the plaintiff (Ferrari) alleges that its unregistered trademarks have been infringed by the defendant (Roberts).[1] The trademarks at issue are claimed in the exterior shapes and features of two of Ferrari's automobile models, the 365 GTB/4 (Daytona Spyder) and the Testarossa. Accused of infringing these

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[1] For convenience, the defendant will be referred to as "Roberts," referring in shorthand fashion to the business principally involved in this case, Roberts Motor Company. Nevertheless, the Court wishes to make clear that the defendant is an individual doing business as a proprietorship and not a partnership or corporation.

alleged trademarks are two of Roberts' automobile models, the Miami Spyder and the Miami Coupe. For relief, Ferrari requests an injunction enjoining Roberts from manufacturing and marketing the Miami Spyder and the Miami Coupe, or any vehicle that imitates the bodies of the Daytona Spyder and the Testarossa; an equitable accounting; and an award of attorneys' fees. Proceeding under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and Tennessee common law, this case came on for trial without a jury on April 10, 1990. Based on all the evidence from the trial, the Court renders the following findings of fact and conclusions of law.

I.

Ferrari is the well-known manufacturer of widely acclaimed racing automobiles and grand touring cars. Based in Modena, Italy, the company

intentionally limits production of its road cars, striving for an image of exclusivity. In 1989, for example, Ferrari produced 3,821 vehicles, shipping 853 of these to the United States. Ferrari markets its automobiles in North America through 43 authorized dealers.

Between 1969 and 1973, Ferrari produced an automobile known as the 365 GTB/4 Daytona. Of the approximately one thousand four hundred Daytonas built, most were close-bodied; i.e., coupes or berlinettas. Although approximately 100 were originally built as soft-top convertibles ("Spyders"), many berlinettas were later converted into Spyders. Because the vehicle at issue is the Daytona Spyder instead of the Daytona Berlinetta, this memorandum opinion refers to only the Spyder. Since the introduction of the Daytona Spyder, Ferrari has continuously produced

mechanical parts and body panels and provided service to repair the vehicle. Daytona Spyders currently sell for one to two million dollars.

Introduced in 1984, the Testarossa continues to be manufactured by Ferrari to the present day. Ferrari has produced approximately 5,000 Testarossas since the vehicle's introduction. The entire production of the Testarossa is sold out for the next several years and the waiting period to receive one is typically five years. The sales price for a new Testarossa is approximately $230,000.00.

From his facility in Kingsport, Tennessee, Roberts conducts several business ventures, most of which relate to the automobile industry. One enterprise Roberts has engaged in since 1985 is the marketing of a vehicle currently known as the

Miami Spyder. This automobile's exterior is virtually identical to the body of a vehicle constructed by Al Mardikian and Tom McBurnie and used on the popular television series "Miami Vice." the body of the Mardikian/McBurnie automobile is in turn virtually identical to the exterior of Ferrari's Daytona Spyder.

Roberts advertises his Miami Spyder in nationally published magazines catering to the automobile and replica automobile industries. In exchange for $15.00, a respondent to Roberts' advertisement receives a picture of the Mardikian/McBurnie automobile and an informational pamphlet showing the various components of the Miami Spyder. Although Roberts has constructed several "turnkey" Miami Spyders, the majority of them are sold as kits. The principal component of this kit is a one-piece

body shell molded from reinforced fiberglass. This body is usually bolted onto the undercarriage of a Chevrolet Corvette. Roberts has sold approximately 80 Miami Spyders, shipping them in interstate commerce. In addition to the various components of the Miami Spyder's exterior, Roberts also offers for sale an interior package that essentially replicates the interior features of the Daytona Spyder. Depending on the components desired by the purchaser, the Miami Spyder costs between $8,500.00 and $50,000.00.

A more recent venture for Roberts is the marketing of an automobile known as the Miami Coupe. This car's existence also traces it roots to "Miami Vice." In 1986, Roberts supplied to the show's producers an automobile designed to perform the

stunts for the Testarossa loaned to the program by Ferrari. Soon thereafter, Roberts decided to build and sell a vehicle whose appearance would imitate that of the Ferrari Testarossa. Roberts' design of the Miami Coupe requires the attachment of several molded fiberglass panels to the frame of a Pontiac Fiero. The Fiero is used as the "donor car" because its space frame allows easy installment of Roberts' body panels. Although Roberts has not yet completed a Miami Coupe, two units are currently in production. One of these vehicles has enough of its body panels attached to make it apparent that once completed, the exterior of the automobile would be virtually identical to the body of the Ferrari Testarossa. To be sure, the features and dimensions of the Miami Coupe's exterior (doors, bumpers, hood, front grill, exhaust

pipes, etc.), differ from those of the Ferrari Testarossa only where it is dictated by the substructure of the donor car.

The two Miami Coupes in production are being built for individuals who have made respective deposits of $15,000.00 and $24,275.00. One buyer resides in Massachusetts and the other resides in Ohio. Roberts' advertisement for the Miami Spyder also invite inquiries about the Miami Coupe. In exchange for $15.00, an advertisement respondent receives an informational pamphlet for the Miami Coupe. On the cover of the pamphlet is a drawing of an automobile whose exterior appearance is essentially identical to that of the Ferrari Testarossa. Roberts has distributed several of these pamphlets in the mail.

II.

Roberts argues that the relief Ferrari seeks in this case is precluded by Bonito Boars, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 109 S.Ct. 971, 103 L.Ed.2d 118 (1989). At issue in Bonito Boats was a state statute, Fla. Stat. § 559.94 (1987), which made it "'. . . unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull . . . made by another without the written permission of that other person.'" Id. at _____, 109 S.Ct at 974, 103 L.Ed.2d at 130. Encted to induce boat manufacturers to improve the designs of their boat hulls, the Florida statute "endow[ed] the original boat hull manufacturer with rights against the world, similar in scope and operation to the rights accorded a federal patentee."

Id. at _____, 109 S.Ct. at 981, 103 L.Ed.2d at 139. More importantly, the Florida statute transcended federal patent law by conferring protection " . . . for an unlimited number of years to all boat hulls and their component parts, without regard to their ornamental or technological merit." Id. at _____, 109 S.Ct. at 982, 103 L.Ed.2d at 139-140. Indeed, " . . . even the most mundane and obvious changes in the design of a boat hull would trigger the protections of the statute." Id. at _____, 109 S.Ct. at 983, 103 L.Ed.2d at 141.

On review, the Supreme Court found that the Florida statute permitted the assertion of a substantial property right in an idea without regard for the " . . . careful protections of high standards of innovation and limited monopoly contained in the federal [patent law] scheme." Id. at _____, 109 S.Ct. at

103 L.Ed.2d at 140. This conflicted with Supreme Court precedent precluding the states from offering patent-like protection to intellectual creations which would otherwise remain unprotected as a matter of federal law. See Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964), and Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964). In sum, the Court in Bonito Boats concluded that the Florida statute " . . . substantially restrict[ed] the public's ability to exploit an unpatented design in general circulation, raising the specter of state-created monopolies in a host of useful shapes and processes for which patent protection has been denied or is otherwise unobtainable." Because this constituted an impermissible intrusion into a

regulatory field exclusively restricted to the Congress, the Supreme Court held that the Florida statute was premepted by the Supremacy Clause, and affirmed the judgment of the Florida Supreme Court striking down the Statute.

[1] This case does not involve a statute like the one at issue in Bonito Boats. Although earlier in this action Ferrari made a claim based on a similar statute, Tenn. Code Ann. § 47-50-111, that claim was abandoned after the publication of the decision in Bonito Boats. This case was tried solely on Ferrari's federal and common law claims of unfair competition. These kinds of actions encompass a wide spectrum of cases; claims similar to Ferrari's have been characterized previously as "misappropriation"

Truck Equipment Service Co. v. Fruehauf Corp., 536 F.2d 1210 (C.A.8 1976), cert. den'd. 429 U.S. 861, 97 S.Ct. 164, 50 L.Ed.2d 139 (1976); "unprivileged imitation" Hartford House Ltd. v. Hallmark Cards, Inc., 846 F.2d 1268 (C.A.10 1988), cert. den'd 488 U.S. 908, 109 S.Ct. 260, 102 L.Ed.2d 248 (1988); and "dilution" Ameritech, Inc. v. American Inf. Technologies Corp., 811 F.2d 960, 965 (C.A.6 1987). In this case, Ferrari requests that the exterior shapes and features of two of its automobiles be clothed in the type of protection typically accorded to trademarks. Even without a registered trademark, a manufacturer's product " . . . may have an image or look referred to as 'trade dress' that is so distinctive as to become an unregistered trademark eligible for protection under the Lanham Act." Brunswick Corp. v. Spinit Reel

Co., 832 F.2d 513, 517 (C.A.10 1987). Accordingly, the Lanham Act confers a right of action upon those claiming unfair competition for trade dress infringement. Kwik-Site Corp. v. Clear View Mfg., Inc., 758 F.2d 167 (C.A.6 1985).

Regardless of how this action is characterized, both state and federal authority hold that the essential element of Ferrari's infringement claim is the likelihood of confusion between its product and Roberts'. See, e.g., Men of Measure Clothing, Inc. v. Men of Measure, Inc., 710 S.W.2d 43, 48 (Tenn.App.1986) and Frisch's Restaurants, Inc. v. Elby's Big Boy, 670 F.2d 642, 647 (C.A.6 1982). The necessity of showing this factual element further distinguishes this case from Bonito Boats because the statute at issue in that case operated to provide

relief " . . . without any showing of consumer confusion." Id. _____ U.S. at _____, 109 S.Ct. at 986, 103 L.Ed.2d at 145. Plainly, Bonito Boats is inapposite to the facts of this case and its governing law. Notwithstanding this conclusion, Roberts argues that the case stands for the broad proposition that the law of unfair competition as it relates to trademarks serves to protect only the consumer. This argument is based on nothing more than dicta within Bonito Boats and consequently possesses little persuasive value. Moreover, it stands in flat contradiction to the weight of authority in the appellate circuits. Indeed, our own Court of Appeals has stated

> . . . trademark law now pursues two related goals — the prevention of deception and consumer confusion,

> and more fundamentally, the protection of property interests in trademarks. Ameritech, Inc., supra at 964.

Consequently, this Court cannot agree with Roberts' narrow view of the law governing this case.

In addition to contesting the general principles involved in this case, Roberts more specifically contends that granting trademark protection to the exterior shapes and features of Ferrari's vehicles would violate the holdings of the precedent cases underlying Bonito Boats; i.e., Sears and Compco. This Court disagrees, relying on the reasoning employed by several other courts when addressing this same argument. In Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200 (C.A.2 1979), the court found that plaintiff had a trademark in the

particular combination of colors and collocation of decorations possessed by the trade dress of its cheerleader uniform; i.e., "[t]he familiar outfit . . . of white vinyl boots, white shorts, a white belt decorated with blue stars, a blue bolero blouse, and a white vest decorated with three blue stars on each side of the front and a white fringe around the bottom." Id. at 202. In response to defendant's argument that finding a trademark in plaintiff's uniform violated Sears and Compco, the court disagreed, stating:

> In Sears-Compco the Court held merely that a state may not, through its law banning unfair competition, undermine the federal patent laws by prohibiting the copying of an article that is protected by neither a federal patent nor a federal

copyright. For the Court to have held otherwise would have been to allow states to grant a monopoly to a producer where the federal government had specifically determined that free competition should prevail. This consideration does not apply in a trademark infringement action where the plaintiff does not assert exclusive rights to the sale of a product but merely to a mark indicating its origin or sponsorship. The question presented therefore is one of trademark law, and it is clear that Sears-Compco did not redefine the permissible scope of the law of trademarks insofar as it applies to origin and sponsorship. Dallas Cowboys, supra, at 204 (citations omitted).

This line of reasoning is echoed in other cases such as Truck Equipment Serv. Co., supra, at 1215, and Brunswick Corp., supra, at 526, n. 7. Consequently, the Court finds defendant's contrary position to be without merit in this case.

III.

[2] A plaintiff can recover under § 43(a) of the Lanham Act for trade dress infringement if the following three elements are proven by a preponderance of the evidence: first, that the trade dress has obtained secondary meaning; second, that the appropriated features of the trade dress are primarily non-functional; and third, that the trade dress of the two competing products is confusingly similar. Kwik-Site Corp. supra at 178.

A. SECONDARY MEANING

[3] Secondary meaning occurs when a feature is so associated in the public mind with a goods provider that the public distinguishes that provider from other providers of the same good by that feature. Watch What Develops Franchise Concepts, Inc. v. Par Five, Inc., 825 F.2d 412 (C.A.6 1987), unpublished. The chief inquiry for secondary meaning is whether the mark denotes to the consumer " 'a single thing coming from a single source.' " Barrios v. American Thermal Instruments, Inc., 712 F.Supp. 611, 616 (S.D.Ohio 1988), citing Sir Speedy Inc. v. Speedy Printing Centers, Inc., 746 F.2d 1479 (C.A.6 1984), unpublished, cert. den'd 469 U.S. 1217, 105 S.Ct 1195, 84 L.Ed.2d 341 (1985). To establish secondary meaning for the exterior shapes and features of the Daytona Spyder and the Testarossa,

Ferrari conducted a consumer survey for each vehicle. The report for the Daytona Spyder survey concluded that a high level of secondary meaning exists for that automobile. This conclusion resulted from testing the survey respondent's ability to view photographs of several different automobiles and identify their respective manufacturers. In these photographs, all badges of identification are removed and the automobiles appear in the same positions. Viewing these photographs, 73% of the survey respondents correctly identified the Daytona Spyder as manufactured by Ferrari. The survey for the Testarossa was conducted according to essentially the same methodology as that governing the survey for the Daytona Spyder. The resulting report also concluded that a high level of secondary meaning

exists for the shape and features of the Testarossa. Specifically, 82% of the survey respondents correctly identified Ferrari as the manufacturer of the Testarossa.

The Court finds that the surveys conducted for the Daytona Spyder and Testarossa were conducted according to generally accepted survey principles. The Court also finds that the surveys provide material and probative evidence on the issue of secondary meaning. This evidence is corroborated by the cumulative testimony of witnesses such as Lawrence C. Crane, Art Director of "Automobile Magazine." According to Mr. Crane's credible testimony, the shape for both the Daytona Spyder and the Testarossa are very distinctive, distinguishing these vehicles from other high performance automobiles. Ferrari's

evidence at trial on the issue of secondary meaning was uncontroverted by Roberts. In view of the substantial weight and credibility of Ferrari's proof, the Court finds that Ferrari established by a preponderance of the evidence the element of secondary meaning; i.e., the exterior shapes and features of the Daytona Spyder and the Testarossa are so associated in the public mind with Ferrari that the public distinguishes Ferrari from other automobile manufacturers by those shapes and features.

B. FUNCTIONALITY

[4] The functionality of an article concerns the extent to which the item's shape, size, or form affects its utility or the economy of its production. See West Point Mfg. Co. v. Detroit Stamping Co., 222 F.2d 581, 594 (C.A.6 1955). A design is non-

functional if it is " . . . 'a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality' . . . " See Tas-T Nut Co. v. Variety Nut & Date Co., 245 F.2d 3, 6 (C.A.6 1957), quoting Pagliero v. Wallace China Co., 198 F.2d 339, 343 (C.A.9 1952). The appropriate inquiry for the functionality of trade dress " . . . is not whether each individual feature of the trade dress is functional but whether the whole collection of features, taken together is functional." Hartford House, Ltd., supra, at 1272. Furthermore, the article at issue is required to be only "primarily non-functional" Kwik-Site, supra, at 178 (emphasis added). Consequently, an item's features can be non-functional even when they serve a useful purpose if they primarily serve to indicate sponsorship or origin.

To support its claim of non-functionality, Ferrari produced the testimony of Angelo Bellei, the individual responsible for the development of Ferrari's grand touring cars between 1964 and 1975. Mr. Bellei's testimony was uncontroverted that he was intimately involved with the decision-making for the designs of both the Daytona Spyder and the Testerossa. Mr. Bellei explained that the bodies for each were commissioned to the design firm of Pininfarina submitted several different design proposals for each the Daytona Spyder and the Testarossa. In each case, Mr. Bellei asserted that the ultimate body design chosen was selected for its beauty and distinctiveness. Asserting that any one of the design

proposals would have been compatible with the mechanics of the automobiles, Mr. Bellei credibly testified that the bodies for the Daytona Spyder and the Testarossa were not chosen for functional reasons.

Ferrari produced cumulative testimony supporting the assertions of Mr. Bellei and the inference that utility and economy of production are largely irrelevant factors in the exterior shapes and features of the Daytona Spyder and Testarossa. Furthermore, Roberts adduced no evidence to counter Ferrari's proof that its exteriors where adopted primarily for purposes of distinctiveness. Therefore, the Court finds that Ferrari proved by a preponderance of the evidence that the exterior shapes and features of the Daytona Spyder and Testarossa are non-functional.

C. CONFUSION

[5] Roberts argues that Ferrari is not entitled to relief in this case unless it shows that a potential purchaser of Roberts' vehicles would actually believe that Roberts' automobile is in fact Ferrari's vehicle. This argument is erroneous for two reasons. First, it suggests that the Lanham Act provides a remedy only in the case of "passing off"; i.e., an instance where the defendant uses the plaintiff's " 'well-known product, name, symbol, or familiar packaging to attract the public to the product under the assumption that it is the plaintiff's product which is bought.' " Frisch's, supra at 647. However, passing off is only one of several kinds of infringement actions cognizable under the Lanham Act. Ameritech, Inc., supra, at 964. Second, defendant's argument

assumes that the standard for confusion is actual confusion. This is incorrect, as the Sixth Circuit has stated on several occasions that the determination of confusion rests on several factual considerations. E.g. Frisch's, supra; Kwik-Site, supra. Although actual confusion is one of the applicable factors, it is not a primary consideration and absence of its proof is not significant. Wynn Oil v. Thomas, 839 F.2d 1183, 1188 (C.A.6 1988).

[6] Contrary to Roberts' restricted viewpoint, "[t]he general concept underlying the likelihood of confusion is that the public believe that 'the mark's owner sponsored or otherwise approved the use of the trademark' " Carson v. Here's Johnny Portable Toilets, Inc., 698 F.2d 831 (C.A.6 1983) (emphasis

sic). In determining whether the alleged infringement of a trademark causes a likelihood of confusion among consumers, the following eight factors are to be considered: the strength of plaintiff's mark; relatedness of the goods; similarity of the marks; evidence of actual confusion; marketing channels used; likely degree of purchaser care; defendant's intent in selecting the mark; and likelihood of expansion of the product lines. Wynn Oil, supra, at 1186. These eight factors bear no hierarchial value to one another and a plaintiff may prevail without showing all or even most of the factors. Id.

In this case, no evidence was offered to show either actual confusion or the likelihood of expansion of the product lines. For two other factors, the evidence in this case corresponding to those factors

favors Roberts. Even assuming a purchaser who is totally unaware of Ferrari, there is no reason to doubt that the minimum sales price of Roberts' kit for the Miami Spyder ($8,500.00) would cause this hypothetical customer to exercise a high degree of purchaser care. Likewise, the evidence shows that Ferrari's and Roberts' vehicles are sold through very different marketing channels. For the remaining confusion factors, however, the evidence radically favors Ferrari.

[7] Based on this Court's discussion of secondary meaning, it is clear that Ferrari's marks — i.e., the exterior shapes and features of the Daytona Spyder and Testarossa — are strong. Furthermore, Ferrari's and Roberts' products must be deemed closely related because they are essentially

the same things, automobiles. In assessing the similarity of marks, courts are not required to compare them side-by-side; instead, a court ". . . must determine in light of what occurs in the marketplace whether the mark 'will be confusing to the public when singly presented.' " Id. (citation to quote omitted). As this Court has previously found, the exterior of Roberts' Miami Coupe closely imitates that of Ferrari's Testarossa, differing only where required by the frame of the donor car. Furthermore, comparison of photographs of one of Roberts' Miami Spyders currently under production (plaintiff's exhibit 161) with photographs of the Daytona Spyder shows that the body of the Miami Spyder virtually mirrors the exterior of Ferrari's Daytona Spyder. Consequently, the Court finds that the exterior shapes and features of the

Miami Coupe and Miami Spyder are, respectively, very similar to those of the Testarossa and Daytona Spyder, and that this similarity will be confusing to the public when either the Miami Coupe or the Miami Spyder is singly presented.

When a mark is chosen with the intent of deriving benefit from the reputation of the senior user, then that fact alone may show confusing similarity. Id. at 1188-1189. A principal assertion of Ferrari's case is that Roberts produced the Miami Coupe and the Miami Spyder with the intent of deriving benefit from the reputation of Ferrari's Testarossa and Daytona Spyder. At trial, the strongest proof of this intent was provided by Vivian Bumgardner, a legal investigator who met Carl Roberts on two occasions. At both meetings, Ms. Bumgardner represented that she

was interested in purchasing a Miami Coupe. Ms. Bumgardner testified Mr. Roberts affirmed during a meeting in December 1987 that when looking at the Ferrari Testarossa and Roberts' Miami Coupe, one cannot tell the difference between the two. According to Ms. Bumgardner, Mr. Roberts asserted that his company ". . . build[s] and sell the same car, reproduce it . . . [sic]", and explained that while the Testarossa cost $140,000.00, the Miami Coupe cost less than $50,000.00, making the Miami Coupe ". . . more of a practical car . . ." than the Testarossa. Ms. Bumgardner's testimony is credible and the Court accords it significant weight.

[8] The whole of the evidence in this case preponderates in favor of finding that Roberts chose for his automobiles the exterior shapes and

features of the Daytona Spyder and Testarossa with the intent of deriving benefit from the reputation of Ferrari. Coupled with the Court's findings for the other confusion factors, this conclusion causes the Court to find that Ferrari showed by a preponderance of the evidence a likelihood of confusion between the Miami Coupe and the Ferrari Testarossa and between the Miami Spyder and the Daytona Spyder. Based on this conclusion and the Court's findings for the other two elements of Ferrari's federal claim, the Court concludes that Ferrari has proved that Roberts' Miami Coupe and Miami Spyder infringe Ferrari's trademarks in the exterior shapes and features of the Testarossa and Daytona Spyder, violating § 43(a) of the Lanham Act.

IV.

[9] Ferrari contends that its claim of unfair competition under Tennessee common law can be proven with the same proof necessary to recover under the Lanham Act. To support this contention, Ferrari cites only one case: Hall v. Britton, 41 Tenn.App. 72, 292 S.W.2d 524 (1954). This case does not provide strong support for Ferrari's assertion because the appellate decision chiefly concerns the appropriation of trade secrets. See Hickory Specialties v. B & L Laboratories, 592 S.W.2d 583, 585 (Tenn.App. 1979). The language in Hall supprotive of Ferrari's position is as follows:

> [t]o constitute unfair competition the product of defendants need not be an exact copy of complainant's, but need only be so reasonably similar

> in appearance, use and name as to cause an unwary purchaser to confuse the products.

Id. 292 S.W.2d at 531.

A close reading of this passage indicates that similarity between the two products must "cause" confusion in order to merit relief for unfair competition. This factual requirement differs significantly from that of a claim brought under the Lanham Act which requires a plaintiff to show only a "likelihood" of confusion. E.g. Kwik-Site, supra, at 178.

[10] A review of other cases confirms that Ferrari is required to show more than a violation of the Lanham Act in order to recover for Tennessee's common law tort of unfair competition. In Plastic Industries, Inc. v. Yarborough and Co., unreported, Court of Appeals, Western Section, (November 21,

1988), 1988 WL 123948, the court asserts that "palming off" is the essence of a claim for unfair competition under Tennessee common law, requiring a plaintiff to show

> an intent to deceive the public as to the source of the goods or services offered, as well as actual deception.

Id., citing United Van Lines v. American Holiday Van Lines, Inc., 487 F.Supp. 235, 239 (E.D.Tenn. 1979). This description of Tennessee's common law tort of unfair competition is repeated in National Medical Care, Inc. v. Gardiner, unreported, Court of Appeals, Middle Section (March 12, 1986) 1986 WL 3157. Therefore, the Court finds that recovery for Ferrari's state law claim requires proof of an intent to deceive and actual deception. However, no evidence was adduced showing that Roberts attempted to deceive

his customers into believing that the source of his automobiles was Ferrari. Indeed, the only evidence on the issue tended to show that Roberts made efforts to apprise his customers that regardless of appearances his vehicles were not genuine Ferraris. Therefore, the Court concludes Ferrari cannot recover in this action for Tennessee's common law tort of unfair competition.[2]

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[2] Outside of the common law tort of unfair competiion, Ferrari's case is problematic when limited to Tennessee law. To reiterate, Ferrari essentially seeks trademark protection for the trade dress of its two vehicles. To this Court's knowledge, no state court in Tennessee has addressed the threshold issue of whether trademark protection is accorded to trade dress. Even assuming that Tennesee law allows for the protection requested, Ferrari's claim would still fail. Protective rights for unregistered trademarks arise from prior appropriation and use in trade. See Men of Measure Clothing, supra, at 45. However, Ferrari produced no evidence at trial of prior appropriation and use of the claimed trademarks in Tennessee commerce.

Ferrari was able to prosecute this action only due to a Stipulation and order filed in Roberts' bankruptcy proceeding that lifted the automatic stay as to this case. (Doc. 36). Although some of the language in the Order lifting the stay arguably permits Ferrari to seek any relief deemed "equitable," the Court finds that the overall intent of the Order was to limit potential remedies to injunctive relief. Therefore, the Court declines to address the issues of whether Ferrari is entitled to either an equitable accounting or attorney fees in this case. Based on the foregoing, the Court finds in favor of Ferrari and against Roberts on the claim of unfair competition brought under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). The Court finds in favor of Roberts and

against Ferrari on the claim of unfair competition brought under Tennessee common law. Consequently, the Court will file an Order entering judgment in accord with this Memorandum Opinion and granting Ferrari a permanent injunction restraining Roberts from infringing Ferrari's trademark rights in the trade dress of the Daytona Spyder and the Testarossa.

ORDER

Based on the foregoing Memorandum Opinion passed this day to the Clerk for filing, the Court finds in favor of defendant and against plaintiff on plaintiff's claim brought under Tennessee common law for unfair competition. Accordingly, judgment is ENTERED in favor of defendant and plaintiff takes nothing on this claim.

Pursuant to the Memorandum Opinion previously referenced, the Court finds in favor of plaintiff and against defendant on plaintiff's claim brought under 15 U.S.C. § 1125(a). Accordingly, judgment is ENTERED in favor of plaintiff and the Court ORDERS the following PERMANENT INJUNCTION:

1. Carl Roberts, d/b/a Roberts Motor Company (Roberts), his agents, officers, servants, employees, representatives, affiliates, related companies, distributors, dealers, heirs, successors and assigns, and all persons acting for, with, by, through, or under him or the, and each of them, are PERMANENTLY ENJOINED from directly or indirectly:

(a) manufacturing, or selling, or distributing, or in any manner, enabling or aiding others to manufacture, or to sell, or to distribute the Miami

Spyder and the Miami Coupe and all versions thereof, including but not limited to their exterior shapes and features, the designs of which have been determined to violate plaintiff's (Ferrari) right to protection under the Lanham Act with respect to 365 GTB/4 (Daytona Spyder) and the Testarossa;

(b) using in any manner on or in connection with the advertising, or manufacturing, or distributing, or offer for sale, or selling of any automobile, the designs of the Miami Spyder and the Miami Coupe and all versions thereof;

(c) using any Ferrari badges, emblems, names or indicia of any kind, including but not limited to the word "Testarossa" and the Ferrari prancing horse, and further including any imitations thereof,

in connection with the advertising, manufacture, offering for sale, sale or distribution of any products or parts thereof not made by Ferrari.

(d) from shipping, delivering, distributing, selling or otherwise disposing of, in any manner, the Miami Spyder, the Miami Coupe, or molds or parts thereof.